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SUBJECT: PRESIDENT PLANS TO ISSUE NATIONAL SECURITY REPORT

Classified By: AIT Director Douglas Paal, Reason: 1.4 (B/D)

1. (C) Summary: National Security Council (NSC) Secretary General Chiou I-jen announced on June 17 that President Chen Shui-bian would release the first annual National Security Report later in the summer. Chiou told AIT that the report would be prepared by the NSC and cover foreign policy, defense, cross-Straits relations, economics, and domestic issues, including disaster relief. NSC and Executive Yuan (EY) officials reject media speculation that the report represents an attempt by Chiou to undermine the authority of Premier Frank Hsieh, who is responsible for issuing the government's formal national policy address at the start of the Legislative Yuan's (LY) regular biannual sessions. Whether intentional or not, the National Security Report will give the President, and Chiou, a platform to maintain control over the policy agenda in the final years of Chen's term and limit Hsieh's ability to use his position to establish an independent policy line. End Summary.

Comprehensive Security Report

2. (C) NSC Secretary General Chiou I-jen announced on June 17 that President Chen would soon issue Taiwan's first-ever "National Security Report." Chiou said that the report would cover five topics: foreign policy, defense, cross-Straits relations, economics/finance, and domestic issues. Chiou told AIT subsequently that the "domestic issues" referred primarily to such things as the government's response to major natural disasters and public health crises. Chiou said the report would cover both developments over the past year as well as the government's strategy for the coming two-to-four years. While no firm date has been set for the release of the report, Chiou said the draft is not likely to be fully cleared until August. Once the President has approved the language, he will publicly unveil it at a formal NSC meeting.

3. (C) Chiou told AIT that the NSC's three Deputy Secretaries General and five Senior Advisors have taken the lead on various portions of the draft report. They, in turn, have been authorized to consult relevant government agencies and outside academic experts for input. NSC officials have been reluctant to discuss the contents of their own portions of the report with AIT, noting that the draft is still in the early clearance stages.

NSC-EY Battle?

4. (C) Response from the media and opposition parties to the planned report has been generally positive. A number of commentators have compared the proposed report to the U.S. President's annual State of the Union Address. However, Taiwan Solidarity Union (TSU) legislator and former NSC Senior Advisor Lai Hsin-yuan dismissed the proposed report, telling AIT that it is simply another Chen-style PR stunt. Some media analysts have also speculated that the planned report is an outgrowth of growing policy competition between Chiou and Premier Frank Hsieh. Many of the issues to be covered under the proposed National Security Report duplicate subjects that are part of the Premier's National Policy Report delivered to the LY at the start of each regular session. Some analysts have suggested that Chiou is seeking to pre-empt Hsieh's September LY report by releasing the President's report in August. Constitutionally, the President, through the NSC process, has the lead on national security, cross-Straits, and defense, while the Premier, through the EY, is responsible for economic and domestic policy.

5. (C) Chiou dismissed accusations that the NSC is seeking to undermine Hsieh's authority, noting that the NSC has been studying the idea of an annual National Security Report for at least two years, an assertion confirmed separately by former NSC Senior Advisor Lai. EY Secretary General Lee Ying-yuan was equally dismissive of media speculation over a Chiou-Hsieh rift, asserting to AIT (in Chiou's presence) that rumors of internal tensions were manufactured by media outlets looking to make news. (Comment: While NSC officials have privately told AIT that there is a growing sense of competition between the NSC and EY over major policy issues,

coordination between the two organizations over the past five months, particularly at the SecGen level, has been better than we have witnessed at any time in the past three years. End Comment.)

Comment: Managing the Message

16. (C) Whether intentional or not, the National Security Report is likely to serve as an effective tool for the President to maintain a measure of control over the government's policy agenda in his final years in office. With some political pundits already predicting that Chen will enter the lame duck phase of his presidency by the beginning of 2006, there will be a growing tendency by the media and political insiders to look for signs that Premier Hsieh is creating his own independent policy line ahead of the 2008 presidential primary. By establishing a mechanism to lay down markers on major policy issues, including those within Hsieh's constitutional purview, Chen, and by extension, Chiou, may be able to set limits on the Premier's policy autonomy.
PAAL